



June 20, 2005

TO: County Executive Office
ATTN: Brian Wayt, Hall of Administration, Building 10

FROM: Joyce Crosthwaite, Executive Officer

SUBJECT: Orange County Grand Jury Report of June 2004-05,
"LAFCO – Is It Working?"

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General Public

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RESPONSE TO FINDINGS OF GRAND JURY

Finding 5.2 Willingness of Cities to Annex

AB 2115 did not provide for property tax in lieu of Vehicle License Fees (VLF) to replace lost revenues for annexing areas. This seriously impacts the fiscal viability of annexations especially in areas that are substantially developed. Both the California Association of Local Agencies Formation Commissions (CALAFCO) and the League of California Cities are working to address this issue.

Finding 5.5 LAFCO will miss due date for MSRs

By January 1, 2006, Orange County LAFCO expects to have completed municipal service reviews for 26% (9 out of the 34) of the cities and approximately 50% of the 26 special districts in Orange County. CALAFCO is proposing a three-year extension to the MSR completion deadline, making the extended deadline January 1, 2009. If the three year extension is enacted, Orange County LAFCO will complete all MSRs for cities and special districts by the new deadline.

Finding 5.5 LAFCO will miss due date for SOIs

By January 1, 2006, Orange County LAFCO expects to have completed spheres and municipal service reviews for 26% (9 out of the 34) of the cities and approximately 50% of the 26 special districts in Orange County. CALAFCO surveyed the LAFCOs in California and found that a majority of them will not have the spheres updated by the statutory deadline. (Please see Attachment A.) CALAFCO is proposing a three-year extension to the SOI completion deadline, making the extended deadline January 1, 2009. If the three-year extension is enacted, Orange County LAFCO will complete all sphere of influence updates by 2009.

Recommendation 6.5 *LAFCO will miss due date for MSRs and SOIs*

The Grand Jury recommended that LAFCO fill its vacant position in order to complete the MSRs and SOIs in a timely manner. LAFCO's budget is apportioned equally among the cities, independent special districts, and County. Due to the recent cutbacks in statewide funding as a result of AB 2115, public moneys have been reduced for LAFCO's funding agencies. LAFCO adopted a three-year budget with modest annual increases to provide certainty for all local agencies at a time when revenues are reduced. However, the budget increases do not support the cost of filling LAFCO's vacant position at this time.

CALAFCO E-MAIL SURVEY RESULTS

Colleagues:

It appears there may be some sympathy in the Legislature for the challenge we all face in meeting the Jan. 1, 2006 deadline for our sphere reviews/updates. I've been asked to collect a little data so that we can better assess the situation. I would appreciate your response to this e-mail with the following information:

- 1) After the passage of CKH, how many sphere of influence reviews/updates did you identify as being necessary to complete?
- 2) How many SOI reviews/updates have you completed to date?
- 3) On January 1, 2006, do you think your LAFCO will have SOI reviews/updates outstanding? If so, how many?

Thank you for your prompt response.

Dan Schwarz
CALAFCO Legislative Chair

LAFCO	# of SOI Reviews	Completed (2/1/05)	Projected Outstanding (1/1/06)	% Projected Outstanding
Alameda	56	25	31	55%
Butte	135	42	86	64%
Colusa	35	0	30	86%
El Dorado	59	4	38	64%
Humboldt	54	7	30	56%
Lake	70	1	60	86%
Lassen	33	1	30	91%
Los Angeles	180	75	90	50%
Marin	41	21	15	37%
Napa	24	2	6	25%
Nevada	42	8	20	48%
Orange	62	12	50	81%
Placer	54	25	29	54%
Sacramento	74	13	33	45%
San Bernardino	110	57	20	18%
San Diego	115	4	50	43%
San Luis Obispo	52	19	10	19%
San Mateo	82	6	10	12%
Santa Cruz	18	1	12	67%
Solano	20	2	10	50%
Stanislaus	60	35	20	33%
Tuolumne	80	35	15	19%
Ventura	59	26	5	8%
Yolo	55	34	21	38%
Yuba	32	12	21	66%
Total	1602	467	742	46%

NOTE: some respondents provided narratives that required some interpretation. As a result, all figures in this table, including the number of SOI reviews required, should be considered estimates.